



Australian Bureau of Statistics

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Summary

About this Release

Innovation is recognised as a key driver of economic growth. However, because the innovation process is complex, its effects on performance are difficult to quantify. This research applied the Cripson, Duguet and Mairesse (CDM) framework at the individual business level to explore the association between innovation and business performance. It used linked firm-level data from surveys conducted by the Australian Bureau of Statistics augmented with administrative data from the Australian Tax Office.

The use of the CDM framework allowed for the analysis of the association between innovation and business performance in three stages: factors that influence the level (if any) of investment in innovation; the determinants of innovation outputs such as firm, industry and market characteristics; and the effects of innovative output and other factors on business performance. Three different types of innovation were studied separately: (i) product, (ii) process and (iii) organisational.

This analysis found that a firm's decision to invest in innovation and the level of this investment are influenced by, among other things, information sourced internally, engagement in diverse types of collaboration, market and profit drivers, government regulation and standards, and the protection of intellectual property rights. Innovation output, on the other hand, is influenced by the intensity of innovation expenditure. There was evidence of a positive relationship between innovation and business performance, although the strength of this relationship varied depending on the dataset used, industry sector coverage and also the performance measures used.

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